

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Priority Mail Contract 65 (MC2013-63)
Negotiated Service Agreement

Docket No. CP2013-83

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE OF AMENDMENT TO
PRIORITY MAIL CONTRACT 65

(June 2, 2015)

I. INTRODUCTION

The Public Representative hereby provides comments pursuant to Order No. 2503.¹ In that Order, the Commission reopens the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice to amend Priority Mail Contract 65.²

II. BACKGROUND

The Commission approved the original Priority Mail Contract 65 in Order No. 1854, dated October 23, 2013.³ On May 20, 2015, the Postal Service filed notice that it had agreed to an amendment to the existing Priority Mail Contract 65 subject of the

¹ Notice and Order Concerning Amendment to a Priority Mail Negotiated Service Agreement, May 26, 2015 (Order No. 2503).

² Notice of United States Postal Service of Amendment to Priority Mail Contract 65, with Portions Filed under Seal, May 22, 2015 (Notice).

³ Order Adding Priority Mail Contract 65 to the Competitive Product List, October 23, 2013 (Order No. 1854). *See also* Request of the United States Postal Service to Add Priority Mail Contract 65 to Competitive Product List and Notice of Filing (Under Seal) of Unredacted Governors' Decision, Contract, and Supporting Data, September 27, 2013 (Request).

current docket (Amendment). As the Postal Service asserts, the terms of Priority Mail Contract 65 “have changed as contemplated by the contract’s terms”. Notice at 1. To support the Notice, the Postal Service filed a redacted copy of the Amendment. In addition, the Postal Service filed (under seal) the unredacted Amendment. The Postal Service states that the supporting financial documentation and financial certification initially provided in this docket remain applicable”. *Id.*

The Amendment changes the Customer’s mailing address and also applies to Sections I.E., I.F. of the initial contract. Notice, Attachment A, at 1. The Amendment is scheduled to take effect one business day after the day the Commission issues all necessary regulatory approval. *Id.*

III. COMMENTS

Requirements of 39 U.S.C. § 3633. Pursuant to section 3633(a), prices for competitive products must cover each product’s attributable costs, not result in subsidization of competitive products by market dominant products, and ensure that all competitive products collectively contribute an appropriate share of the institutional costs of the Postal Service. The Postal Service has not updated the financial model stating that the initially provided financial documentation remains applicable. Notice at 1. In the absence of the updated financial model, the Public Representative has reviewed the documentation provided by the Postal Service in the original docket (filed with the Request) as well as the Postal Service library reference related to Negotiated Service Agreements (filed with the FY 2014 Annual Compliance Report).

Based upon that review, the Public Representative concludes that the existing contract generates sufficient revenue to cover costs and, therefore, satisfies the requirements of 39 U.S.C. § 3633(a). The terms of the amended contract include a mechanism of annual adjustment of prices and customer’s volume commitment. It appears that the inclusion of these terms should help maintain the contract’s ability to meet the requirements of 39 U.S.C. § 3633(a) over the lifetime of the contract. The Commission will also have an opportunity to review the revenue, volume and cost data

for the amended Priority Mail Contract 65 in the future Annual Compliance Determination Reports.

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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